



County Administrative Office Governmental & Legislative Affairs

Josh Candelaria
Director

September 11, 2015

The Honorable Edmund G. Brown, Jr.
Governor of California
State Capitol Building
Sacramento, CA 95814

RE: SB 533 (Pan) – REQUEST FOR VETO

Dear Governor Brown:

The County of San Bernardino respectfully requests your veto of SB 533. This legislation would eliminate important economic development tools currently available to cities and counties designed to encourage economic growth and the generation of additional tax revenue and jobs for the local community.

SB 533 would stymie the economic development activities of cities and counties in California and drive business to other states offering the same economic incentives this bill seeks to eliminate.

Existing law, created by Senate Bill 27 in 2009, already maintains provisions that prohibit cities and counties from entering into agreements that would drive Bradley-Burns local tax proceeds away from another city or county when a retailer maintains a physical presence within the jurisdiction of the originating local agency. Senate Bill 27 is a premier example of local businesses and public agencies convening to create legislation that is good for business and local economic growth.

SB 533 seeks to unwind positive incentives created in SB 27, including those related to agreements that: 1) allow a local agency to reimburse the retailer for the construction of public works improvements serving all or a portion of the local, 2) result in the operation of a comparable location in another jurisdiction, 3) reduce use tax proceeds distributed to a local agency through one or more countywide pools, and 4) relate to a buying company, established for administrative purposes. These types of agreements are the underpinnings of good public private business relations.

A close reading of the bill reveals that in nearly every possible scenario, if a retailer is currently paying any California sales or use tax, a city or county could not agree to provide any economic incentive if that retailer wished to expand operations anywhere in the State of California.

SB 533 is a deterrent to business expansion and creates a host of new problems for local jurisdictions. The bill has the potential to bring lawsuits against cities and counties, from other jurisdictions claiming revenue losses. SB 533 would cause tremendous complications and uncertainty for legitimate economic development.

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If SB 533 were to pass, business owners who are prohibited from receiving economic incentives to expand operations outside of the original jurisdiction to other areas of the state, may choose to completely close down operations and move their business to a new location which may or may not exist within the boundaries of the State of California. The unintended consequences of SB 533 will result in loss of sales, use as well as property tax for not only local municipalities, but for all of California.

For these reasons, the County of San Bernardino respectfully requests that you veto SB 533. If you have any questions, please contact Josh Candelaria, Director of Governmental and Legislative Affairs at (909) 387-4821 or jcandelaria@sbcountry.gov.

Sincerely,

A handwritten signature in black ink, appearing to read 'James Ramos', with a stylized flourish at the end.

JAMES RAMOS
Board of Supervisors Chairman
Third District Supervisor
County of San Bernardino

c: The Honorable Richard Pan